



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

ANDREW M. CUOMO
GOVERNOR

HOWARD B. GLASER
DIRECTOR OF STATE OPERATIONS/
SENIOR POLICY ADVISOR

April 25, 2013

The Honorable Denis Lebel
Minister of Transport, Infrastructure and Communities
Transport Canada
330 Sparks Street
Ottawa, ON K1A 0N5

RE: The Buffalo and Fort Erie Public Bridge Authority (PBA)

Dear Minister Lebel:

I am writing to express New York State's increasing concern over circumstances at the Buffalo and Fort Erie Public Bridge Authority (PBA).

Since taking office, New York has made the improvement of the U.S. Plaza of the Peace Bridge a priority. Among the actions taken by New York are:

- Negotiating an agreement with the City of Buffalo for two blocks of Busti Avenue – an action that had eluded the PBA for years;
- an unprecedented commitment by the State of \$15 million toward a project that should be funded in whole by the PBA;
- working with the U.S. Federal government to obtain an additional \$15.8 million Federal funding; and
- an agreement with the United States Department of Housing and Urban Development and the Episcopal Church to repurpose the Church property for Plaza improvements.

Finally, after years of foot-dragging, progress is occurring on the American side of the border.

Unfortunately, that progress is in jeopardy due to lack of cooperation from the Canadian members of the PBA Board.

This is stark contrast to New York's historic support for projects on the Canadian side. As you will recall, the Canadian plaza project was undertaken by the PBA and Transport Canada with the full support of the U.S. members of the PBA Board. As part of that project, the PBA's principal office was moved to Canada and a new, modern headquarters building constructed. New York support for the Canadian projects was in keeping with past practice, in which a

particular matter relating to only one side of the Bridge receives a degree of deference the members from that side. But with the U.S. Plaza improvement project, there has been a lack of collaboration from the Canadian members with the U.S. members. With Board membership split evenly between Canada and the U.S., disagreements result in deadlock. New York even suggested that the State was willing to assume full responsibility for turn-key delivery of the project, a concept that was openly rejected by the Canadian board members and the General Manager.

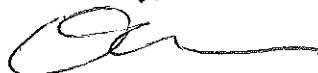
New York is determined to achieve improvements on the U.S. Plaza that will bring the same state-of-the-art modern facilities and infrastructure improvements that have already been realized, with full American cooperation, on the bridge's Canadian Plaza. The residents of Western New York and Buffalo, and the 14,000 daily users of the bridge, deserve no less. Moreover, the State appointees to the PBA support making the PBA a better community citizen in the U.S., including respect for local concerns as well as greater PBA transparency and accountability.

Western New Yorkers ask for nothing more than the same respect for their goals for the Peace Bridge as New Yorkers have given to Canadian concerns. Instead, an impasse exists between the Canadian and U.S. board members. The U.S. members have advised state officials that they have lost confidence in the General Manager and no longer believe that he can adequately and fairly represent their interests. With this matter unresolved, there is serious doubt about the ability of the Peace Bridge Authority to function.

We are eager to meet with you at your earliest convenience in order to discuss details of these issues and work toward resolving these matters and allow this much needed project to proceed, while creating a new environment of collaboration and transparency at the PBA.

The efficient transfer of goods between Canada and the U.S. is of critical importance to both our countries. Our economic growth depends on it, and the Peace Bridge, the third largest truck crossing by volume and the largest automobile crossing between our two nations, is a critical link that ensures the free flow of trade.

Sincerely,



Howard Glaser
Director of State Operations and
Senior Policy Advisor

Cc: His Excellency the Right Honorable David Lloyd Johnston, CC CMM COM CD FRSC
FRCPSC, Governor General
The Honorable Rob Nicholson, P.C., Q.C., M.P. for Niagara Falls, Minister of Justice
and Attorney General of Canada
The Honorable John Prato, Consul General
Secretary of Transportation Ray LaHood



Transport
Canada

Transports
Canada

Assistant
Deputy Minister

Sous-ministre
adjoint

Policy

Politiques

Mr. Howard B. Glaser
Director of State Operations/Senior Policy Advisor
State of New York, Executive Chamber
Albany, NY, USA
12224
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Dear Mr. Glaser:

I am writing in response to your letter dated April 25, 2013 concerning the Buffalo and Fort Erie Public Bridge Authority (PBA).

Let me begin by expressing Canada's deep appreciation for the long history of mutually-beneficial collaboration between our countries to meet shared goals in the operation of the PBA. Governor Cuomo himself noted – in his letter of June 20, 2012 to Secretary Napolitano – that the PBA has a long standing and solid relationship with federal agencies from the US and Canada. We look forward to continuing to work together to benefit both countries and the communities of Western New York and Niagara Region.

The PBA has worked for decades specifically as a bi-national body with equal representation from both countries. All decisions have been made with the support of both American and Canadian board members and this consensus-driven approach has served both countries very well.

Your letter raises a number of issues. In some cases, Canada's understanding of the facts differs from that set out in your letter.

For example, with respect to the delays in the U.S. plaza improvement project, progress was hampered by the lengthy environmental assessment process that was managed by the Federal Highway Administration and terminated by the State of New York after approximately 10 years. It is also our understanding that the PBA had no authority to purchase lands or undertake other project related activities until the environmental assessment was completed. These issues had nothing to do with Canadian law or Canadian representation on the PBA.

Canadian directors have strongly supported projects on both sides of the border, and have done so repeatedly.

Canada

In December 2011, the PBA Board commenced design work on U.S. plaza renovations. I understand that the Board unanimously authorized Requests for Proposals for an approach widening, a new plaza egress ramp, and a renovated/expanded Customs warehouse. In August 2012, the Board unanimously awarded detailed design and bid preparation contracts to firms for all three projects and in October 2012, it unanimously approved a Capital Plan in the amount of \$50 million to complete these projects.

Moreover, work done on the Canadian side, which has received \$22 million from the Government of Canada over the last two decades, has also benefited New York. This work includes changes to the U.S. Plaza, such as removing PBA tolls, constructing three new commercial customs booths, relocating the U.S. duty free to provide much better access to the NEXUS lane, and allowing the PBA to vacate space in the U.S. Administration building, which facilitated the expansion of the U.S. Customs and Border Protection facilities.

The Government of Canada was pleased with the further progress that was achieved last month when the Board of Directors of the Peace Bridge approved several projects to improve the crossing. These include a contract to manage the major renovation project for the U.S. Customs and Border Patrol commercial building at the bridge and a related environmental assessment, an increased landscape budget to restore property on Busti Ave. in Buffalo, and an increased budget to open new NEXUS lanes to provide efficient border clearance for low-risk travellers at the crossing.

The Government of Canada also anticipates that the Peace Bridge Authority will move ahead with plans to redeck and will participate in the truck cargo preinspection pilot that was announced on March 14, 2013 by both federal governments as part of the Beyond the Border Action Plan.

At this time, there is a climate of doubt that puts progress on planned capital projects at risk, due to the tabling of bills in the New York Assembly and Senate, both of which aim to amend the incorporating legislation of the PBA. These deliberations on governance only serve as a distraction, and compromise the ability to move ahead on the approved capital projects. This is unfortunate.

Canada's view is that significant amendments to the governance of the PBA cannot be made without the consent of both federal governments. The decades of successful functioning of the PBA under the existing governance structure are proof that it works. Canada is committed to the PBA and the existing governance structure, and understands that your administration also wants to make the current structure work.

Canada values the role the Peace Bridge plays in keeping trade moving and making economies on both sides of the border more prosperous. Canada is committed to building on our history of cooperation and mutual benefit through the PBA. We trust you and your colleagues will agree that engaging in respectful, fact-based dialogue is the best way to ensure the smooth functioning of an institution and an asset that have served our two countries so well for almost a century.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Scott Streiner', with a stylized, elongated flourish extending to the right.

Scott Streiner